



**EDDIE A. PEREZ**  
MAYOR

March 9, 2009

Hon. Thomas R. Sullivan  
Commissioner of Insurance  
State of Connecticut, Insurance Department  
PO Box 816  
Hartford, CT 06142-0816

RE: Docket # EX 09-04 Acquisition of Hartford Steam Boiler by Munich Re.

Dear Commissioner Sullivan:

I am contacting you concerning the acquisition of Hartford Steam Boiler Inspection and Insurance Company (HSB) by Munich Re Group. I would appreciate it if you would include this letter in the public record for Docket # EX 09-04

As you know, Hartford Steam Boiler Inspection and Insurance Company has been an important part of the Hartford community for 143 years. Though the company is one of our smaller insurers, its corporate leadership and its employees have played an important role in the economic and civic vitality of our city. HSB employs 390 people in its building at One State Street in Hartford providing important economic activity downtown. The company's senior leadership has always been located Hartford and the company is a generous donor to philanthropic and civic causes in the city. HSB is an important and respected corporate and community partner.

I have had the opportunity to review a portion of the "Form A" that has been submitted to the insurance department in connection with Munich Re Group's acquisition of HSB. I am generally pleased with the contents of the filing in which the parties make assurances that HSB will "in the future operate in Connecticut much as it does now in terms of job levels and job functions". I am further encouraged by the "Applicants' present intention to maintain HSBIC's business model and management team". Additionally, it appears that the financial strength and corporate culture of Munich Re are compatible with HSB remaining an excellent corporate citizen in Hartford for many years to come.

Though I am generally, pleased with information I have reviewed in the "Form A" for this acquisition, I believe that there is an opportunity for the insurance department to obtain more specific assurances from the applicants concerning steps they could take to

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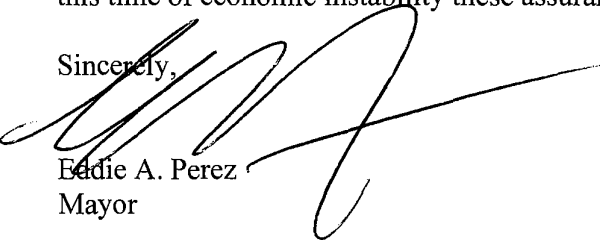


mitigate any potential economic harm to the people of Connecticut. In particular, the following areas could use additional clarification:

1. Real Estate; Munich Re has pledged to maintain operations in Connecticut, though there is no specific pledge concerning retaining office space in downtown Hartford. It is important for the future stability of the city real estate market that important tenants such as HSB remain downtown.
2. Philanthropy; Corporate giving is particularly important for a community with many needs such as Hartford. HSB always has been a strong supporter of charitable causes in Hartford. A firm commitment by Munich Re to maintain HSB's level of corporate giving would be of benefit to the City of Hartford and the region.
3. Job Retention; It appears Munich Re has pledged to retain HSB jobs in Hartford for 12-24 months. In order to provide additional stability to Connecticut's financial services economy it would be in the best interest of the public if there was a clear assurance that Munich Re intends to retain jobs in Hartford for no less than 24 months.

Once again, it appears Munich Re is a good partner for HSB and I am optimistic that this partnership will guarantee a bright future for HSB in Hartford for many years to come. However, as a general practice, I would urge the state insurance department to play a more aggressive role in obtaining specific assurances about the quality and nature of jobs retained in Connecticut as well as commitments on real estate and philanthropy investments. In previous decades, the insurance department asked for and received specific commitments in these areas in a variety of large mergers and acquisitions, during this time of economic instability these assurances are needed now more than ever.

Sincerely,



Eddie A. Perez  
Mayor